

According to the two organisations, ClientEarth and Bankwatch Romania, the Romanian government had been unlawfully using taxpayers' money to cover over €6 million in compensation owed by incumbent energy company Complexul Energetic Oltenia (CEO) for forcing villagers from their homes for coal mine expansions.

ClientEarth lawyers and Bankwatch Romania have raised the alarm after it was found that the state was funding coal evictions in Romania, to the tune of several million Euros. A complaint has been submitted to the European Commission.

As the operator of the mines, CEO itself is responsible for compensating evicted villagers. However, as the Romanian authorities found the landowners' compensations claims "excessive", they decided that the mine expansions are "national interest public utility projects" and should therefore be fronted by the State.

But ClientEarth and Bankwatch argue that the government's payments qualify as State aid and are therefore unlawful, as the Romanian government did not notify the European Commission, as EU law requires, before relieving CEO of its obligation to compensate the villagers.

According to the lawyers, the issue is not just procedural: they say the nature of the aid also goes against EU law and should never have been granted in the first place.

ClientEarth lawyer Juliette Delarue said: "The Romanian government claims that expropriating villagers is in the national public interest. But this is not justifiable when people are losing their homes for a climate-destructive product.

"Public money should be going to communities and regions to modernise the energy system and to help reshape local economies, especially in a country that has untapped renewable energy potential, instead of propping up an industry facing severe financial difficulty and that is subject to bankruptcy."

Alexandru Mustață from Bankwatch Romania added: "There's growing consensus in Romania that coal has no long term future, but there is also a complete lack of vision for a future without it. Ignoring opportunities to transition away from coal has become the rule. The only solutions taken into account are those prolonging the status quo - regardless of how polluting, expensive or illegal they are."

Romania is not the only EU country attempting to use public money unlawfully to keep its fossil fuel industry afloat. Bulgarian authorities are trying to do the same.

State aid issues across the Balkans

ClientEarth has also worked with partners to submit an additional two State aid complaints to the European Commission: one with Za Zemiata, against Bulgaria, and another with

Bankwatch CEE against Romania.

Romanian coal company CEO and Bulgarian power plant Maritsa East 2 had been unable to afford their mandatory EU Emission Trading System (EU ETS) allowances for several years and their respective national governments had bailed them out, granting the companies interest-free loans and guarantees.

The lawyers argue that this, too, constitutes unlawful State aid. Not only that, they directly contradict the purpose of the ETS, as they disincentive CEO and ME2 from turning to less polluting activities that would cost them less in emission allowances.

Genady Kondarev from Za Zemiata said: “Maritsa East 2 is the biggest power plant in the Balkans and one of the top 10 polluters in Europe. The type of State aid it is currently receiving is fuelling the climate and air pollution crises. The Bulgarian government needs to announce a coal phase out date now to kick start the restructuring of the Bulgarian energy system so that coal regions can make a smooth transition.”

The European Commission may decide to open investigations following the environmental groups’ complaints. If the Commission finds that the payouts violate EU law, it is free to force the Romanian and Bulgarian authorities to suspend future payments and recover the full amount paid out to date.

Source: clientearth.org